

Message Text

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TO AMEMBASSY KINGSTON PRIORITY

C O N F I D E N T I A L STATE 133160

EXDIS

E.O. 11652: GDS

TAGS: EMIN, JM, US

SUBJECT: WALL STREET JOURNAL ARTICLE ON BAUXITE

REFERENCE: STATE 130905

1. AT HIS REQUEST, AMBASSADOR FLETCHER, ACCOMPANIED BY MINISTER COUNSELOR HILL, CALLED ON ASSISTANT SECRETARY KUBISCH JUNE 20 TO DISCUSS REMARKS IN WALL STREET JOURNAL ARTICLE (REFTEL) ATTRIBUTED TO COUNSELOR TO THE PRESIDENT KENNETH RUSH.

2. FLETCHER OPENED THE CONVERSATION BY NOTING THAT UP UNTIL NOW GOVERNMENT OF JAMAICA (GOJ) AND THE USG HAD AVOIDED PUBLIC COMMENT ON THE BAUXITE NEGOTIATIONS WHICH MIGHT HAVE REFLECTED ON THE SUBSTANCE OF THE POSITIONS OF EITHER GOVERNMENT. MR. RUSH'S STATEMENT APPEARED TO BE A DEPARTURE FROM WHAT FLETCHER HAD VIEWED AS US"NEUTRALITY" IN THESE NEGOTIATIONS. HE SAID THAT A CRITICAL STATEMENT SUPPORTIVE OF THE COMPANIES' POSITION FROM A HIGH US OFFICIAL COULD BE MISINTERPRETED AND MIGHT THREATEN DELICATE NEGOTIATIONS IN PROCESS BETWEEN THE GOJ AND THE COMPANIES. (HE REFERRED SPECIFICALLY TO THE KAISER STATEMENT OF JUNE 17 AS EVIDENCE OF A CHANGE IN THAT COMPANY'S POSITION AND A WILLINGNESS TO ACCEPT THE MAJOR ELEMENTS

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OF THE JAMAICAN PROPOSALS--REVENUE, REVERSION OF LANDS, AND

PARTICIPATION. HE SAID IN PASSING THAT IT WAS HIS INFORMA-

TION THAT THE KAISER STATEMENT HAD NOT BEEN WELCOMED BY ALCOA, WHICH VIEWED IT AS TOO FORTHCOMING.)

3. KUBISCH RESPONDED BY SAYING THAT THE DEPARTMENT HAD BEEN IN CONTACT WITH MR. RUSH'S OFFICE AND THAT HE HAD BEEN AUTHORIZED TO MAKE THREE POINTS:

(A) EXPRESS MR. RUSH'S REGRET AT BEING UNABLE TO SEE AMBASSADOR FLETCHER WHEN HE HAD TELEPHONED ON JUNE 19 AND TO INFORM HIM THAT THE RESPONSIBILITIES OF HIS OFFICE HAD PREVENTED HIM FROM ACCORDING APPOINTMENTS TO ANY FOREIGN AMBASSADORS SINCE MOVING FROM STATE TO THE WHITE HOUSE. FLETCHER'S REMARKS WOULD, OF COURSE, BE RECORDED AND CONVEYED TO MR. RUSH, HE ADDED.

(B) MR. RUSH'S REMARKS REGARDING JAMAICA'S NEGOTIATIONS WITH THE COMPANIES WERE AN EXPRESSION OF A GENERAL FEELING OF DISAPPOINTMENT AT THE FAILURE OF THE COMPANIES AND THE GOJ TO ARRIVE AT SOME MUTUALLY ACCEPTABLE FORMULA BEFORE THE GOJ FELT COMPELLED TO RESOLVE UNILATERALLY THE REVENUE ISSUE. (AS FOR THAT PART OF THE STATEMENT REFERRING TO THE POSSIBILITY OF FURTHER NEGOTIATIONS RESULTING IN A "BETTER SETTLEMENT," MR. KUBISCH OPINED THAT MR. RUSH MAY HAVE MEANT THAT A FULLY NEGOTIATED SETTLEMENT AGREED BY BOTH SIDES WOULD OBVIOUSLY BE BETTER THAN AN IMPOSED ONE.)

(C) FINALLY, THE QUOTATION IN THE ARTICLE ATTRIBUTED TO MR. RUSH THAT HE "DEPLORES ACTION BY ANY RAW-MATERIAL-PRODUCING COUNTRY THAT RAISES PRICES IN A WAY THAT FUELS THE FIRES OF WORLD-WIDE INFLATION" IS CONSISTENT WITH STATEMENTS MADE IN THE PAST BY THE ADMINISTRATION ON THE SUBJECT.

4. FLETCHER SAID THAT JAMAICA, TOO, COULD CERTAINLY JOIN IN DEPLORING INFLATIONARY PRICE INCREASES AND HE CITED THE HIGHER COSTS JAMAICA WAS OBLIGED TO PAY FOR IMPORTS FROM THE U.S. HE WENT ON TO REITERATE THE DESIRE AND THAT OF CONFIDENTIAL

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HIS GOVERNMENT THAT THE GOJ AND USG AVOID A PUBLIC DEBATE, PARTICULARLY CONVEYING THE IMPRESSION THAT ANY IMPASSE HAD BEEN ARRIVED AT. HE OBSERVED THAT SEVERAL JOURNALISTS SEEMED BENT ON CREATING THE IMPRESSION THAT SUCH AN IMPASSE EXISTED.

5. FLETCHER THEN RAISED THE QUESTION OF MULTI-NATIONAL CORPORATIONS AND WHAT HE DESCRIBED AS A GROWING UNDER-

STANDING THAT THEY WOULD HAVE TO CHANGE THE MANNER IN WHICH THEY OPERATED. MR. KUBISCH AGREED THAT

HISTORIC WAYS OF OPERATING MAY BE OUTDATED AND THAT THE ROLE OF THE MULTINATIONALS SHOULD BE REEXAMINED AND RETHOUGHT. HE MENTIONED HAVING MET THE PREVIOUS DAY WITH REPRESENTATIVES OF THE AMERICAN BUSINESS COMMUNITY AND SAID THAT THIS VIEW HAD BEEN THE CONSENSUS EXPRESSED WITHIN THE GROUP OF BUSINESS LEADERS THEMSELVES.

6. THE DISCUSSION THEN TURNED TO THE FORTHCOMING MEETING OF THE WORKING GROUP ON TRANSNATIONAL CORPORATIONS, THE CREATION OF WHICH HAD BEEN AGREED BY THE FOREIGN MINISTERS IN THEIR WASHINGTON MEETING. MR. KUBISCH AND AMBASSADOR FLETCHER AGREED THAT THIS WORKING GROUP SHOULD MAKE A MAJOR EFFORT TO ADDRESS THE PROBLEM OF NEW ARRANGEMENTS BETWEEN THE CORPORATIONS AND HOST COUNTRIES. AS THE APPOINTMENT ENDED, MR. KUBISCH REPEATED HIS PROMISE TO CONVEY THE AMBASSADOR'S EXPRESSION OF CONCERN AND ORAL REPRESENTATIONS TO MR. RUSH.

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